

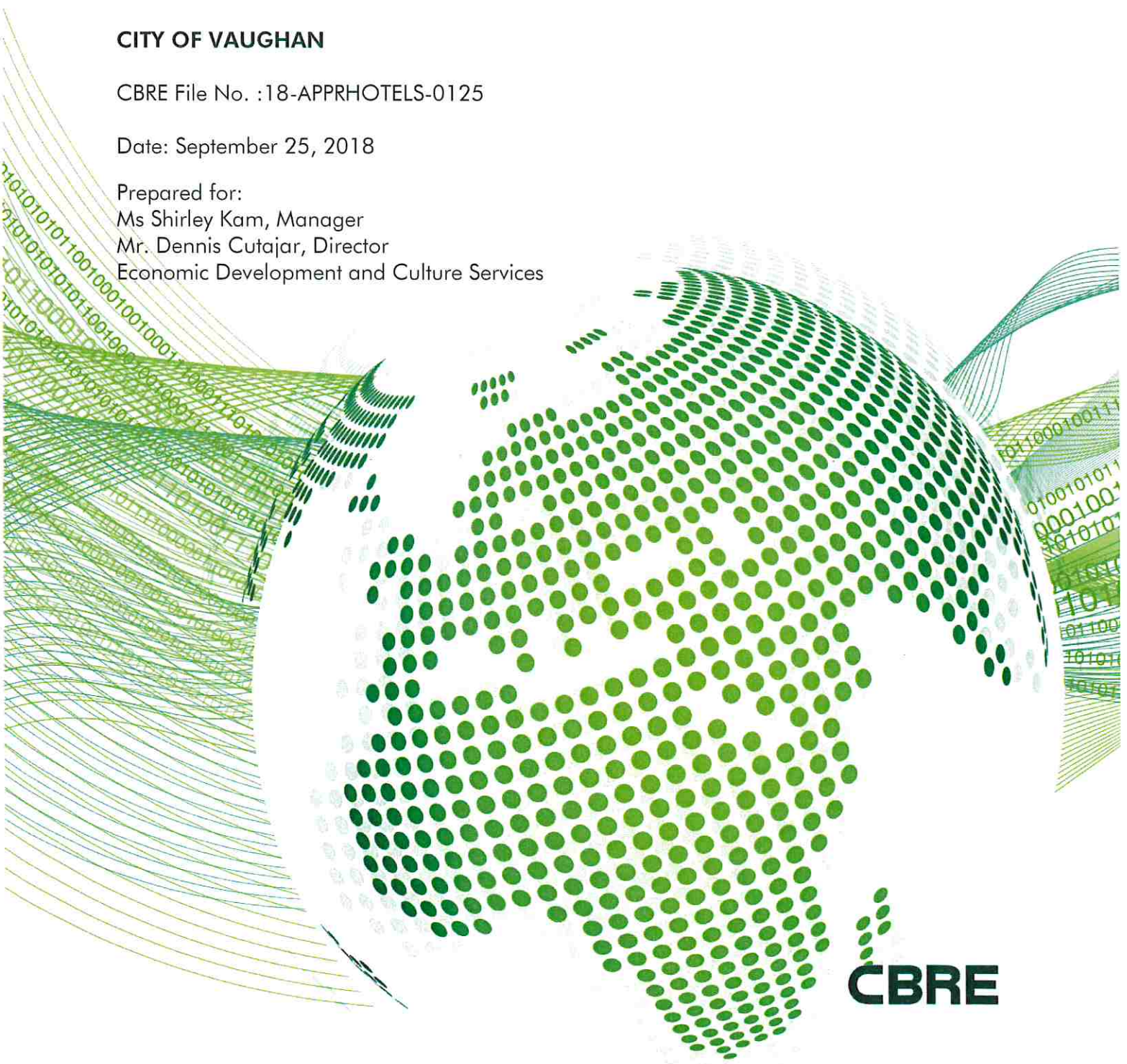
MARKET ASSESSMENT OF MUNICIPAL ACCOMMODATION TAX REVENUE

CITY OF VAUGHAN

CBRE File No. :18-APPRHOTELS-0125

Date: September 25, 2018

Prepared for:
Ms Shirley Kam, Manager
Mr. Dennis Cutajar, Director
Economic Development and Culture Services





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September 25, 2018

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RE: Market Assessment of Municipal Accommodation Tax Revenue

Dear Ms Kam and Mr. Cutajar:

In accordance with the terms of our engagement, CBRE Tourism & Leisure Group ("CBRE") has completed the research and analysis relating to the market assessment of Vaughan's accommodation and short-term rental sector to determine the Municipal Accommodation Tax's revenue potential.

Based on our analysis, a 4% transient accommodation tax applied to hotels and short-term rentals has been projected to generate **\$3.3 million in 2019, increasing to \$4.4 million by 2023, representing a 33% growth.**

The report, in its entirety, including all assumptions and limiting conditions (in Appendix "A"), is an integral part of, and inseparable from, this letter.

Respectfully submitted,

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INTRODUCTION

INTRODUCTION

STUDY BACKGROUND

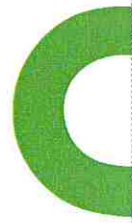
On November 23, 2017, the Province of Ontario issued the Transient Accommodation Regulation 435/17, which came into effect December 1, 2017 and provides the necessary provisions for municipalities across Ontario to implement a mandatory Municipal Accommodation Tax (MAT). The Municipal Accommodation Tax will replace the voluntary Destination Marketing Fee which has been collected by accommodation properties in the GTA.

In August 2018, the City of Vaughan retained the services of CBRE's Tourism & Leisure Group to undertake a market assessment of Vaughan's accommodation and short-term rental sector to determine the Municipal Accommodation Tax's revenue potential.

STUDY SCOPE AND WORKPLAN

In fulfilling our mandate, the following steps were undertaken in the study process:

- Held a conference call with Shirley Kam and Dennis Cutajar on August 1, 2018 to discuss the goals and objectives of the subject study and receive background data;
- Compiled an inventory of existing and future branded and independent hotels, including name of property, address and number of rooms for the City of Vaughan;
- Obtained and analyzed data compiled by Airdna (Airdna.co), which tracks Airbnb listings and revenue generated by Airbnb hosts. Airdna data includes a unique identifier for each host, as well as monthly nights available, nights rented, and the associated revenue for each property within the City of Vaughan;
- Utilizing CBRE Hotels database, analyzed the historic performance of the City of Vaughan's accommodation sector over the past 5 years;
- Utilized Airdna data to estimate the size and performance of short term rentals over the past 3 years;
- Identified and reviewed the status of proposed hotel developments planned for the City of Vaughan; and
- Estimated the potential tax revenues generated by applying a 4% tax to rooms revenue generated by Vaughan accommodations and short-term rentals, based on 2 scenarios:
 1. Projected Baseline Revenues assuming no hotel development over the next 5 years (2019 to 2023); and
 2. Projected Revenues assuming future hotel development over the next 5 years (2019 to 2023).



HISTORIC ACCOMMODATION MARKET ANALYSIS

HISTORIC ACCOMMODATION MARKET ANALYSIS

CURRENT HOTEL INVENTORY

The City of Vaughan's accommodation sector is currently comprised of 16 hotels and motels, including 12 branded properties and 4 independent motels. The following table identifies the City's current accommodation inventory, including location, facilities and amenities offered, with a map showing the location of each property on the following page.

CITY OF VAUGHAN ACCOMMODATION MARKET

No.	Name	Location	Rooms	Type	Total Meeting Space (SF)	Meeting Space SF per Room	Restaurant	Lounge	Breakfast Servery	Swimming Pool	Fitness Centre	Business Centre
1	Extended Stay Deluxe	3600 Steeles Ave W	188	Extended Stay Hotel					x		x	x
2	Super 8 Motel Vaughan	3400 Steeles Ave W	85	Limited Service Hotel					x	x		x
3	Courtyard by Marriott Vaughan	150 Interchange Way	144	Full Service Hotel	1,108	8	x		x	x	x	x
4	Hilton Garden Inn Vaughan	3201 Hwy 7	155	Full Service Hotel	10,000	65	x	x	x	x	x	x
5	Residence Inn Toronto Vaughan	11 Interchange Way	132	Extended Stay Hotel	419	3			x	x	x	x
6	Holiday Inn Express Vaughan SW	6100 Hwy 7	125	Focused Service Hotel	1,976	16			x	x	x	x
7	Homewood Suites Toronto Vaughan	618 Applewood Crescent	140	Extended Stay Hotel	2,160	15			x	x	x	x
8	Novotel Toronto Vaughan Centre	200 Bass Pro Mills Dr	149	Full Service Hotel	4,594	31	x	x	x	x	x	x
9	Springhill Suites Toronto Vaughan	612 Applewood Crescent	175	Extended Stay Hotel	4,458	25	x		x		x	x
10	Aloft Vaughan Mills	151 Bass Pro Mills Dr	131	Focused Service Hotel	1,066	8		x		x	x	x
11	Element Vaughan Southwest	6170 Hwy 7	152	Extended Stay Hotel	3,500	23			x	x	x	x
12	Monte Carlo Inn Vaughan	705 Applewood Cres	132	Full Service Hotel	4,500	34	x	x	x		x	x
13	Kleinburg Inn	9770 York Regional Rd 27	28	Limited Service Hotel								
14	Vaughan Inn	6700 Hwy 7	51	Limited Service Hotel								
15	New Woodbine Motel	7242 Hwy 27	20	Limited Service Hotel								
16	Pinecrest Motel	2641 Hwy 7 W	37	Limited Service Hotel								

As of the end of 2017, the competitive accommodation market was comprised of 1,845 rooms or 673,425 available room nights.



HISTORIC ACCOMMODATION PERFORMANCE

Based on the information contained in the Trends database and CBRE Hotels research, the following presents the performance of the Vaughan accommodation market over the last several years.

Vaughan Accommodation Market Performance Results

Year	Rooms Available	% Change	Rooms Occupied	% Change	Occupancy	Change	ADR	% Change	RevPAR	% Change
2013	646,050	-	417,419	-	64.6%	-	\$121.01	-	\$78.19	-
2014	673,425	4.2%	473,573	13.5%	70.3%	5.7	\$122.78	1.5%	\$86.35	10.4%
2015	673,425		496,435	4.8%	73.7%	3.4	\$128.28	4.5%	\$94.56	9.5%
2016	673,425		519,168	4.6%	77.1%	3.4	\$132.84	3.6%	\$102.41	8.3%
2017	673,425		515,344	-0.7%	76.5%	-0.6	\$140.86	6.0%	\$107.80	5.3%
Compounded Annual Growth Rate	1.0%		5.4%		4.3%		3.9%		8.4%	
June 2017 YTD	333,945	-	245,711	-	73.6%	-	\$135.43	-	\$99.65	-
June 2018 YTD	333,945		233,222	-5.1%	69.8%	-3.7	\$145.54	7.5%	\$101.64	2.0%

Source: CBRE Hotels

- Supply in the competitive market has been fairly stable over the last five years with only the addition being the 152-room Element Vaughan Southwest which opened in mid-2013.
- Demand growth has averaged 4.7% per year over the historic period with occupancy growing from 64.6% in 2013 to 76.5% in 2017, an improvement of approximately 12 points.
- Over the historic period, ADR has grown by 16.4% to \$140.86 in 2017 an average of 3.9% per year driven by strong occupancy levels allowing operators to yield on rates.
- The solid demand and ADR growth has led to annual RevPAR growth which has averaged 8.4% per year from 2013 to 2017.
- Based on year-to-date performance, demand was down by 5.1%, while ADR improved by 7.5%.

HISTORIC AIRBNB PERFORMANCE

In estimating the historic performance of the short-term rental market in the City of Vaughan, CBRE examined data compiled by Airdna (Airdna.co), which tracks Airbnb listings and revenue generated by Airbnb hosts. The data covers the period from August 2015 to June 2018 and includes entire home listings, shared and private rooms. The analysis covers only active units on Airbnb and excludes units that did not have a single booking over the previous month (defined as being "inactive".) Units listed on Airbnb are categorized as:

Entire Home: The guest has complete and sole access to the entire unit during the stay;

Private Room: The guest has their own sleeping area, but shares access to the Unit common areas; and

Shared Room: The guest rents a common area, like an airbed in a living room.

Our analysis is primarily focused on information for **entire-home hosts**, where the guest has complete and sole access to the whole unit during their stay, as these listing are the most comparable to the competitive hotel market.

In 2015, the City of Vaughan had an average of 44 active units listed on Airbnb (entire-home, private rooms and shared rooms), with revenues of just under \$100,000. By 2017, the average number of active listings increased to 369, with revenues of just over \$2 million.

The City of Vaughan had an average of 158 active entire home properties listings in 2017¹, which represents approximately 43% of the total listings. Revenues generated by entire home listings totaled approximately \$1.5 million in 2017, or 76% of total revenues. Based on year-to-date performance, the average number of entire home listings increased to 231 properties, with revenues of \$1.2 million, representing 189% growth over the first six months of 2017.

Vaughan Airbnb Historic Performance Results

Year	Avg Entire Home Properties Listed	% Change	Avg Total Properties Listed	% Airbnb Inventory Entire Homes	Entire Home Revenue	% Change	Total Airbnb Revenue	% Entire Home Revenue
2015	25		44	56%	\$84,889		\$99,644	85%
2016	62	149%	139	44%	\$332,483	292%	\$453,966	73%
2017	158	156%	369	43%	\$1,526,627	359%	\$2,020,030	76%
June 2017 YTD	132		308	43%	\$400,754		\$563,876	71%
June 2018 YTD	231	74%	509	45%	\$1,160,175	189%	\$1,428,605	81%

Source: Airdna, CBRE Hotels analysis

¹ In 2017, the number of active Airbnb listings ranged from 117 listings in January to 172 in August and 198 listings in December, for an annual average of 158 listings.



PROPOSED HOTEL DEVELOPMENTS

PROPOSED HOTEL DEVELOPMENTS

Based on information provided by the City of Vaughan's economic and planning departments, and our general knowledge of the industry, the following 9 proposed hotel developments are currently identified for the City of Vaughan.

1. **Super 8 Motel Vaughan**, 3400 Steeles Avenue W.
 - 16-unit addition is currently under construction with the new rooms expected to enter the market in 2019.
2. **Hilton Garden Inn & Hampton Inn**, 6161 Applewood Cres.
 - Easton Group has plans to develop 2 hotels adjacent to the current Homewood Suites, with 220 rooms proposed to enter the market by 2021. To date, a site plan has been submitted to the City, which has not yet been approved.
3. **Hilton Garden Inn Redevelopment**, 3201 Highway 7 W.
 - Easton Group has plans to redevelop the site, including a condominium and hotel development. Plans call for the closure of the existing 155-room Hilton Garden Inn in 2021, followed by a 200-unit condominium development, with the hotel developed by 2024. The size and brand of the new built hotel has not been determined.
4. **Holiday Inn Express & Candlewood Suites**, Cityview Blvd.
 - A site-plan has been submitted to develop 2 hotels, comprising a total of 190 units, but has not yet been approved.
5. **Marriott Courtyard and Townplace Suites**, 8440 Highway 27
 - Plans call for the development of 2 hotels adjacent to LeJardin Banquet Centre. The 250-room development requires an OPA and Zoning bylaw amendment and will be going to public hearing in September 2018.
6. **Avid Hotels by IHD**, 6800 Highway 7
 - 120-room Avid Hotel development proposed.
7. **Importanne**, 7242 Highway 27
 - Plans call for the redevelopment of the 20-room New Woodbine Motel with a new build 105-room hotel. Zoning changes are required and a public hearing was held in June 2018, with a follow up report expected by Fall 2018.
8. **Hyatt, Canada's Wonderland**, Rutherford Road.
 - A site plan has been approved for a 203-room Hyatt hotel at the entrance to Canada's Wonderland.
9. **Promenade Mall Redevelopment**, 1 Promenade Cir. Thornhill
 - Liberty Development has plans to redevelop Promenade Mall to include retail, 3 residential towers, as well as a 28-storey mixed use building containing offices and a hotel.

Based on the 9 hotel projects identified, approximately **1,200 rooms are proposed to enter the City of Vaughan's hotel market over the next 5 years.** It should be noted that information regarding proposed hotel developments may vary once the City of Vaughan's planning department grants approvals or hotel development financing is finalized. While CBRE Hotels has made attempts to determine the level of new supply entering the market, it is impossible to determine every hotel that will be developed in the future, or when they will be completed. The only hotel development, which is currently under construction in the City of Vaughan is the 16-room addition to the Super 8 Vaughan, which is expected to enter the market in 2019.



MUNICIPAL ACCOMMODATION TAX POTENTIAL

CITY OF VAUGHAN – MARKET ASSESSMENT OF MUNICIPAL ACCOMMODATION TAX REVENUE POTENTIAL

MUNICIPAL ACCOMMODATION TAX POTENTIAL

For the purposes of this analysis, we have estimated the annual tax revenue potential of implementing a 4% Municipal Accommodation Tax in the City of Vaughan based on 2 scenarios:

1. Projected Baseline Revenues

- Accounting for the opening of the Super 8 Vaughan 16-unit addition in 2019, with no further hotel developments or Airbnb units over the next 5 years (2019 to 2023); and

2. Projected Revenues with Further Supply Development

- Accounting for the opening of the Super 8 Vaughan 16-unit addition in 2019, with further hotel and Airbnb supply entering the market at a reasonable rate in order to maintain market occupancies in the low to mid 70% range.

PROJECTED BASELINE REVENUES

Hotel Sector

- In 2017, the City of Vaughan hotel market which was comprised of 16 properties with 1,844 rooms, achieved a market occupancy of 76.5% at an Average Daily Rate of \$140.86 for total room revenues in excess of \$72 million.
- Based on year-to-date performance, the Vaughan market is projected to achieve a 74% occupancy in 2018, with an ADR of \$150.73, generating just under \$75 million in room revenue.
- The opening of the 16-room expansion at the Super 8 Vaughan will result in a 1% growth in supply in 2019, with no further supply projected for the balance of the projection period.
- In 2019, the market ADR has been projected to increase by 5% to reach \$158.26, followed by 2% per annum for the balance of the projection period.
- Under the baseline scenario, no growth in demand levels has been projected resulting in a stabilized market occupancy of 75.1% over the projection period.
- Under the baseline scenario, the total annual Municipal Accommodation Tax has been projected at \$3.2 million in 2019, increasing to \$3.5 million by 2023, representing an 8% growth over the five-year projection period.

Airbnb Sector

- In 2017, the City of Vaughan Airbnb market which was comprised of 158 entire-home units generated revenues of \$1.5 million.

- Based on year-to-date performance, the Vaughan Airbnb market is projected to increase to 231 entire-home units, generating revenues of \$2.8 million by year-end 2018.
- Under the baseline scenario, we have held the number of entire-home units at 235, and increased revenues at 2% per annum for the projection period.
- By applying a 4% Municipal Accommodation Tax to entire-home Airbnb units, this sector has been projected to generate approximately \$118,000 in tax revenues for the City in 2019, increasing to \$128,000 by 2023.

Total Annual Tax Revenue Potential

- Under the baseline scenario, a 4% transient accommodation tax applied to hotels and short-term rentals has been projected to generate **\$3.3 million in 2019, increasing to \$3.6 million by 2023.**

CITY OF VAUGHAN HOTEL SECTOR
PROJECTED BASELINE REVENUES FROM A 4% MUNICIPAL ACCOMMODATION TAX

	2017 Actual	2018 F	2019	2020	2021	2022	2023
Rooms	1,845	1,845	1,861	1,861	1,861	1,861	1,861
% Growth		0.0%	0.9%	0.0%	0.0%	0.0%	0.0%
Annual Occupancy	76.5%	74.2%	75.1%	75.1%	75.1%	75.1%	75.1%
Average Daily Rate	\$140.86	\$150.73	\$158.26	\$161.43	\$164.66	\$167.95	\$171.31
% Growth		7.0%	5.0%	2.0%	2.0%	2.0%	2.0%
RevPar	\$107.80	\$111.88	\$118.80	\$121.17	\$123.60	\$126.07	\$128.59
Available Room Nights	673,425	673,425	679,265	679,265	679,265	679,265	679,265
% Growth		0.0%	0.9%	0.0%	0.0%	0.0%	0.0%
Occupied Room Nights	515,344	499,883	509,881	509,881	509,881	509,881	509,881
% Growth		-0.7%	2.0%	0.0%	0.0%	0.0%	0.0%
Rooms Revenue	\$72,593,700	\$75,345,000	\$80,694,500	\$82,308,400	\$83,954,600	\$85,633,700	\$87,346,300
% Growth		5.3%	7.1%	2.0%	2.0%	2.0%	2.0%
Projected Revenue from Proposed MAT @ 4%	\$2,904,000	\$3,014,000	\$3,228,000	\$3,292,000	\$3,358,000	\$3,425,000	\$3,494,000

CITY OF VAUGHAN AIRBNB SECTOR
PROJECTED BASELINE REVENUES FROM A 4% MUNICIPAL ACCOMMODATION TAX

	2017 Actual	2018 F	2019	2020	2021	2022	2023
Airbnb Properties	158	231	235	235	235	235	235
% Growth		46.2%	1.7%	0.0%	0.0%	0.0%	0.0%
Airbnb Revenues	\$1,526,600	\$2,849,000	\$2,956,300	\$3,015,400	\$3,075,700	\$3,137,200	\$3,199,900
% Growth		86.6%	3.8%	2.0%	2.0%	2.0%	2.0%
Per Property	\$9,662	\$12,333	\$12,580	\$12,831	\$13,088	\$13,350	\$13,617
Projected Revenue from Proposed MAT @ 4%	\$61,000	\$114,000	\$118,000	\$121,000	\$123,000	\$125,000	\$128,000

TOTAL PROJECTED
BASELINE REVENUES FROM
PROPOSED MAT

	2017 Actual	2018 F	2019	2020	2021	2022	2023
	\$2,965,000	\$3,128,000	\$3,346,000	\$3,413,000	\$3,481,000	\$3,550,000	\$3,622,000
% Growth		5.5%	7.0%	2.0%	2.0%	2.0%	2.0%

Sources: CBRE Hotels Trends in the Hotel Industry database and Outlooks, AirDNA

PROJECTED REVENUES WITH FURTHER SUPPLY DEVELOPMENT

Hotel Sector

- The opening of the 16-room expansion at the Super 8 Vaughan will result in a 1% growth in supply in 2019.
- For the purposes of this analysis, we have accounted for the addition of 150 rooms to enter the market in 2021; 95 rooms to enter the market in 2022, and 200 rooms in 2023.
- In 2019, the market ADR has been projected to increase by 5% to reach \$158.26, followed by 3% per annum for the balance of the projection period.
- Under the development scenario, growth in demand levels have been projected at 5% per annum, as new supply enters the market, resulting in a market occupancy of 71.5% by 2023.
- Under the development scenario, the total annual Municipal Accommodation Tax has been projected at \$3.2 million in 2019, increasing to \$4.3 million by 2023, representing an 33% growth over the five-year projection period.

Airbnb Sector

- Under the development scenario, the entire-home units have been projected to increase at 5% per annum, increasing from 231 units in 2018 to 295 units by 2023.
- By applying a 4% Municipal Accommodation Tax to entire-home Airbnb units, this sector has been projected to generate approximately \$122,000 in tax revenues for the City in 2019, increasing to \$128,000 by 2023.

Total Annual Tax Revenue Potential

- Under the development scenario, a 4% transient accommodation tax applied to hotels and short-term rentals has been projected to generate **\$3.3 million in 2019, increasing to \$4.4 million by 2023, representing a 33% growth.**

CITY OF VAUGHAN HOTEL SECTOR
PROJECTED REVENUES FROM A 4% MUNICIPAL ACCOMMODATION TAX with DEVELOPMENT

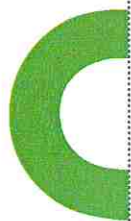
	2017 Actual	2018 F	2019 P	2020 P	2021 P	2022 P	2023 P
Rooms	1,845	1,845	1,861	1,861	2,011	2,106	2,306
% Growth		0.0%	0.9%	0.0%	8.1%	4.7%	9.5%
Annual Occupancy	76.5%	74.2%	75.1%	76.6%	74.4%	74.6%	71.5%
Average Daily Rate	\$140.86	\$150.73	\$158.26	\$163.01	\$167.90	\$172.94	\$178.12
% Growth		7.0%	5.0%	3.0%	3.0%	3.0%	3.0%
RevPar	\$107.80	\$111.88	\$118.80	\$124.81	\$124.91	\$129.00	\$127.41
Available Room Nights	673,425	673,425	679,265	679,265	734,015	768,690	841,690
% Growth		0.0%	0.9%	0.0%	8.1%	4.7%	9.5%
Occupied Room Nights	515,344	499,883	509,881	520,079	546,083	573,387	602,056
% Growth		-3.0%	2.0%	2.0%	5.0%	5.0%	5.0%
Rooms Revenue	\$72,593,700	\$75,345,000	\$80,694,500	\$84,777,600	\$91,687,000	\$99,159,500	\$107,241,000
% Growth		5.3%	7.1%	5.1%	8.2%	8.2%	8.2%
Projected Revenue from Proposed MAT @ 4%	\$2,904,000	\$3,014,000	\$3,228,000	\$3,391,000	\$3,667,000	\$3,966,000	\$4,290,000

CITY OF VAUGHAN AIRBNB SECTOR
PROJECTED REVENUES FROM A 4% MUNICIPAL ACCOMMODATION TAX with GROWTH

	2017 Actual	2018 F	2019 P	2020 P	2021 P	2022 P	2023 P
Airbnb Properties	158	231	243	255	267	281	295
% Growth		46.2%	5.0%	5.0%	5.0%	5.0%	5.0%
Airbnb Revenues	\$1,526,600	\$2,849,000	\$3,051,300	\$3,267,900	\$3,499,900	\$3,748,400	\$4,014,500
% Growth		86.6%	7.1%	7.1%	7.1%	7.1%	7.1%
Per Property Projected Revenue from Proposed MAT @ 4%	\$9,662	\$12,333	\$12,580	\$12,832	\$13,088	\$13,350	\$13,617
	\$61,000	\$114,000	\$122,000	\$131,000	\$140,000	\$150,000	\$161,000

TOTAL PROJECTED REVENUES FROM PROPOSED MAT WITH DEVELOPMENT							
	\$2,965,000	\$3,128,000	\$3,350,000	\$3,522,000	\$3,807,000	\$4,116,000	\$4,451,000
% Growth		5.5%	7.1%	5.1%	8.1%	8.1%	8.1%

Sources: CBRE Hotels Trends in the Hotel Industry database and Outlooks, AirDNA



APPENDIX "A"

Assumptions and Limiting Conditions

ASSUMPTIONS AND LIMITING CONDITIONS

1. This Advisory Report prepared by CBRE, is intended for the exclusive use of the City of Vaughan ("Client"), and is not intended to be prepared for, given to, or relied upon, by any other person or entity, without the express prior written consent of CBRE, and the individual(s) who authored the Advisory Report, unless specifically agreed to in writing, in an addendum to this Report.
2. It is assumed that all factual data furnished by the Client, property owner, owner's representative, or persons designated by the Client or owner to supply said data are accurate and correct unless otherwise specifically noted in the report. Unless otherwise specifically noted in the report, CBRE has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE reserves the right to amend conclusions reported if made aware of any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE of any questions or errors. CBRE does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the real property furnished by the Client to CBRE and contained in any report prepared by CBRE.
3. The date to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any opinion herein rendered is based upon the purchasing power of the Canadian Dollar on that date. This Advisory Report is based on market conditions existing as of the date of this report. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the report. However, CBRE will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
4. The conclusions, which may be defined within the body of this report, are subject to change with market fluctuations over time.
5. Any utilization projections or cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. CBRE does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE.
6. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE to build, buy, sell, or hold the properties. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.

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